

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Scenesetter for Visit to Hawaii and CONUS (11 pages)	05/01/1997	P1/b(1)
002. cable	Re: Official Informal: Draft Memcon (24 pages)	05/02/1997	P1/b(1)
003. cable	Re: Japan-U.S. / Security Relationship (5 pages)	05/02/1997	P1/b(1)
004. cable	Re: Summary 149-97 (6 pages)	05/09/1997	P1/b(1)
005. cable	Re: Memcon on Vice President - Foreign Minister Meeting, March 23, 1997 (24 pages)	05/15/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
NSC Cables
Jan 1997-Dec 1998 ([Futenma])
OA/Box Number: 520000

FOLDER TITLE:

[04/25/1997 - 05/15/1997]

2016-0420-F
sb1903

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Cable

PREC: IMMEDIATE
CLASS: UNCLASSIFIED
LINE1: OAAUZYUW RUEHKO3627 1150351-UUUU--RHEHAAA.
LINE2: ZNR UUUUU ZZH
LINE3: O 250351Z APR 97
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 250351Z APR 97
ORIG: AMEMBASSY TOKYO
TO: RUEHIA/USIA WASHDC IMMEDIATE 4571
RUEHC/SECSTATE WASHDC IMMEDIATE 5695
INFO: RUEBBEA/USDOT WASHDC
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RUALSFJ/COMUSJAPAN YOKOTA AB JA
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RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
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RUCPDOG/USDOC WASHDC
RHHMHAH/CINCPACFLT PEARL HARBOR HI//N5//
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/USCINCPAC HONOLULU HI//USIA//
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS APRIL 25

TOP HEADLINES:

TEXT:
UNCLAS SECTION 01 OF 06 TOKYO 003627

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR
EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA
WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB
IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN
GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC
FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS APRIL 25

TOP HEADLINES:

ASAHI: NISSAN LIFE INSURANCE ORDERED TO SUSPEND ITS
BUSINESS OPERATIONS -- FIRST CASE AFTER WORLD WAR II; TO
ASK THE INDUSTRY TO GIVE SUPPORT; POLICY HOLDERS WILL BE
ENTIRELY PROTECTED

NIHON KEIZAI: DEFENSE SPENDING WILL BE HELD DOWN TO A NEGATIVE GROWTH; GOVERNMENT/RULING CAMP TO REDUCE LATER YEARS' DISBURSEMENTS IN FISCAL 1998 BUDGET; A PORTION OF NEWLY-CONCLUDED CONTRACTS TO BE FROZEN IN THIS FISCAL YEAR'S BUDGET (TRANSLATION BELOW)

TOKYO SHIMBUN: BILL RECOGNIZING "BRAIN DEATH AS LEGAL DEATH OF ONESELF" PASSES LOWER HOUSE; 320 VOTES FAVOR THE ORGAN TRANSPLANT BILLS; NAKAYAMA'S PROPOSAL MEETS WITH 148 OPPOSING VOTES; MAY BE APPROVED DURING THE CURRENT DIET SESSION; BILL INSISTING "IT DOES NOT MEAN A DEATH" TURNED DOWN

MAINICHI: ORGAN TRANSPLANT BILLS PASS THE LOWER HOUSE; BILL "RECOGNIZING BRAIN DEATH AS LEGAL DEATH OF ONESELF" RATIFIED; A LARGE MARGIN OF 320 TO 148; COUNTERBILL REJECTED; DIET'S FIRST JUDGMENT SHOWN

YOMIURI: BILL RECOGNIZING "BRAIN DEATH AS END OF LIFE" PASSES THE LOWER HOUSE; THE ORGAN TRANSPLANT BILLS WILL BE SENT TO THE UPPER HOUSE; NAKAYAMA-COMPILED BILL APPROVED BY 320 TO 148; KANEDA-SUBMITTED BILL REJECTED

SANKEI: BILL RECOGNIZING "BRAIN DEATH AS LEGAL DEATH OF ONESELF" PASSES THE LOWER HOUSE; ORGAN TRANSPLANT BILLS; "NAKAYAMA-SUBMITTED BILL" APPROVED BY SUPPORT OF 320 VOTES, WHILE KANEDA'S REJECTED BY A LARGE MARGIN

PRIME MINISTER HASHIMOTO DEPARTS ON 3 COUNTRY TRIP TO MEET WITH U.S. PRESIDENT CLINTON AND OTHER LEADERS; FOCUS ON OKINAWA (SANKEI - PAGE 4)

ON THE EVENING OF THE 24TH, PRIME MINISTER HASHIMOTO DEPARTED FROM HANEDA AIRPORT FOR ANDREWS AIR FORCE BASE IN WASHINGTON, ON A SPECIAL GOVERNMENT PLANE, ON THE FIRST LEG OF TRIP TO THE UNITED STATES, AUSTRALIA AND NEW ZEALAND. THE JAPAN-U.S. SUMMIT WILL TAKE PLACE AT NOON ON THE 25TH (DAWN ON THE 26TH (JAPAN TIME)). IN IT, PRESIDENT CLINTON WILL MAKE IT CLEAR THAT HE WILL DEAL WITH THE U.S. MILITARY BASES ON OKINAWA AS A PRIORITY ISSUE, WHILE GIVING THOUGHTFUL CONSIDERATION TO THE MATTER. THIS WAS REVEALED YESTERDAY BY A SOURCE INVOLVED IN U.S.-JAPAN RELATIONS.

REGARDING THE U.S. MILITARY BASE PROBLEM, THE SPECIAL LAND-LEASE LAW FOR U.S. FORCES IN JAPAN HAS BEEN AMENDED, AND THE RELOCATION OF U.S. FORCES' ARTILLERY FIRING -- NOW CONDUCTED ACROSS PREFECTURAL ROAD 104 (IN OKINAWA) -- TO MAINLAND JAPAN HAS BEEN SETTLED. IN ADDITION, NAGO CITY HAS APPROVED A FEASIBILITY STUDY FOR THE CONSTRUCTION OF AN OFFSHORE HELIPORT TO REPLACE FUTENMA AIR STATION.

JAPAN AND THE U.S. HAVE AGREED THAT THEY WILL DISCUSS MILITARY ARRANGEMENTS, INCLUDING U.S. TROOP STRENGTH, AS APPROPRIATE TO BOTH NATIONS' CHANGING SECURITY SITUATIONS. PRIME MINISTER HASHIMOTO, HOWEVER, INTENDS NOT TO SEEK A CUTBACK IN U.S. TROOPS IN OKINAWA AND THE

OKINAWAN PEOPLE HAVE REACTED STRONGLY TO U.S.-JAPAN SECURITY ARRANGEMENTS.

HOW PRESIDENT CLINTON WOULD HANDLE THE OKINAWA ISSUE HAD BEEN A MAJOR QUESTION. IT SEEMS THAT THE PRESIDENT HAS DECIDED TO STRESS HIS "CONSIDERATION" AND CITE THE ISSUE AS A "TOP PRIORITY" IN ORDER TO ASSUAGE THE OKINAWAN UNCLAS SECTION 02 OF 06 TOKYO 003627

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS APRIL 25

PEOPLE'S NEGATIVE REACTIONS.

AFTER COMPLETING HIS U.S. TOUR, HE WILL HEAD TO AUSTRALIA FOR TALKS WITH PRIME MINISTER HOWARD, AND TO NEW ZEALAND TO MEET WITH PRIME MINISTER BOLGER. HE WILL RETURN HOME ON THE MORNING OF MAY 1.

PRIME MINISTER TO DISCUSS QSECURITY TREATYQS FUTUREQ IN WASHINGTON (SANKEI - PAGE 4)

PRIOR TO HIS DEPARTURE TO THE UNITED STATES, PRIME MINISTER RYUTARO HASHIMOTO, AT A PRESS MEETING ON THE AFTERNOON OF THE 24TH, SAID, "I WOULD LIKE TO TELL (PRESIDENT CLINTON) WHAT I MUST REGARDING FUTURE BILATERAL SECURITY ARRANGEMENTS AND ECONOMIC ISSUES." SO SAYING, HE INDICATED THAT MAIN AGENDA ITEMS AT THE SUMMIT WOULD INCLUDE SUCH ISSUES AS THE STRENGTHENING OF JAPAN-U.S. DEFENSE COOPERATION IN VIEW OF A POSSIBLE CONTINGENCY IN THE FAR EAST, SECURITY ISSUES SUCH AS U.S. MILITARY BASES ON OKINAWA PREFECTURE, AND MARKET OPENING (IN JAPAN).

PRIME MINISTER TO INSIST ON JAPANQS ECONOMIC STANDPOINT AS WELL (NIHON KEIZAI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO YESTERDAY AFTERNOON GAVE AN INTERVIEW TO JOURNALISTS AT THE PRIME MINISTER'S RESIDENTIAL OFFICE PRIOR TO HIS VISIT TO THE UNITED STATES. IN THE INTERVIEW THE PRIME MINISTER NOTED, IN REFERENCE TO THE BILATERAL SUMMIT SCHEDULED FOR THE 25TH, "SINCE THE U.S. SAYS THAT IT WANTS TO DISCUSS ECONOMIC ISSUES AS WELL, WE MUST SAY WHAT WE MUST SAY." HIS REMARK UNDERScored HIS INTENTION TO CLEARLY STATE JAPAN'S STANCE OVER U.S. CONCERNS THAT JAPAN'S FISCAL RECONSTRUCTION POLICY MIGHT LEAD TO A RE-EXPANSION OF ITS

TRADE SURPLUS WITH THE U.S."

LOWER HOUSE PASSES BILL ON BRAIN DEATH AS END OF LIFE
(YOMIURI - TOP PLAY)

THE LOWER HOUSE, DURING ITS PLENARY SESSION YESTERDAY AFTERNOON, VOTED ON TWO ORGAN TRANSPLANT BILLS SPONSORED BY DIET MEMBERS ON A NONPARTISAN BASIS. AS A RESULT, THE BILL SPONSORED BY FORMER FOREIGN MINISTER TARO NAKAYAMA (LIBERAL DEMOCRATIC PARTY MEMBER) AND OTHERS WAS APPROVED BY A MAJORITY OF VOTES AND SENT TO THE UPPER HOUSE. THE UPPER HOUSE PLANS TO HOLD A PLENARY SESSION AFTER THE HOLIDAY SEASON (LATE APRIL THROUGH EARLY MAY) IN ORDER TO HEAR EXPLANATIONS AND DISCUSS THE NAKAYAMA BILL AND ANOTHER BILL (THE INOKUMA BILL) THAT DOES NOT RECOGNIZE BRAIN DEATH AS THE END OF HUMAN LIFE -- SPONSORED BY UPPER HOUSE MEMBER JUJI INOKUMA (HEISEIKAI MEMBER) AND OTHER SUPRA-PARTISAN MEMBERS. FURTHERMORE, THE UPPER HOUSE PLANS TO LAUNCH A SPECIAL COMMITTEE TO CONDUCT FULL-FLEDGED DELIBERATIONS. SOME UPPER HOUSE MEMBERS ARE RELUCTANT TO PASS A BILL INTO LAW DURING THE CURRENT DIET SESSION. NEVERTHELESS, THE FACT THAT THE NAKAYAMA BILL WAS SUPPORTED BY NEARLY 70 PERCENT OF VOTING MEMBERS IN THE LOWER HOUSE IS LIKELY TO HAVE AN IMPACT ON UPPER HOUSE DELIBERATIONS AS WELL. THE MOVE TO CREATE A SYSTEM TO ALLOW TRANSPLANTS OF HEARTS AND LIVERS FROM BRAIN-DEAD DONORS IS LIKELY TO PICK UP SPEED.

PRIME MINISTER ABSTAINS FROM VOTE ON RELATED BILLS
(NIHON KEIZAI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO, IN A PRESS BRIEFING AT HIS OFFICIAL RESIDENCE YESTERDAY, REMARKED REGARDING HIS ABSTENTION FROM VOTING ON (TWO) ORGAN TRANSPLANT BILLS IN THE LOWER-HOUSE PLENARY SESSION: "I HAVE WAVERED A GREAT DEAL IN MY DECISION. SOME CABINET MINISTERS ARGUED THAT NEITHER THE DIET NOR THE CHIEF EXECUTIVE OFFICER OF THE UNCLAS SECTION 03 OF 06 TOKYO 003627

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS APRIL 25

ADMINISTRATION WAS ENTITLED TO MAKE A JUDGMENT." THE PRIME MINISTER ADDED: "PRODUCING A UNIFIED VIEW ON DEATH IS NOT EASY. IT WOULD BE DESIRABLE TO REACH A NATIONAL CONSENSUS THAT WOULD ALLOW ORGAN TRANSPLANTS IN THE COUNTRY." HE THUS EXPRESSED A POSITIVE STANCE TOWARD

CARRYING OUT TRANSPLANTS USING ORGANS REMOVED FROM BRAIN-DEAD DONORS. MEANWHILE, CHIEF CABINET SECRETARY SEIROKU KAJIYAMA REMARKED IN A PRESS MEETING: "THE PRIME MINISTER IS THE CHIEF EXECUTIVE OFFICER OF THE ADMINISTRATION. HE MAY DO SO (ABSTAIN) IF THE PROS AND CONS ARE RUNNING NECK-AND-NECK."

PRIME MINISTER QCANQT DISCLOSE LIMA INFORMATIONQ
(ASAHI - PAGE 7)

ASKED BY THE PRESS CORPS IF HE WILL PUBLICIZE DETAILS ABOUT THE HOSTAGE CRISIS AT THE JAPANESE AMBASSADOR'S OFFICIAL RESIDENCE IN PERU, THE PRIME MINISTER STATED THAT HE COULD NOT REVEAL TO THE PUBLIC EVERY DETAIL OF THE CIRCUMSTANCES BECAUSE THEY MUST BE EXAMINED TO ASSESS SECURITY ARRANGEMENTS FOR THE EMBASSY AND THE AMBASSADOR'S OFFICIAL RESIDENCE.

MOFA SAYS INTERNATIONAL CONVENTION NOT INFRINGED IN LIMA
(SANKEI - PAGE 2)

MEETING REPORTERS ON THE AFTERNOON OF THE 24TH, FOREIGN MINISTRY PRESS SECRETARY HIROSHI HASHIMOTO REFERRED TO THE PROBLEM OF NO ADVANCE NOTICE TO THE JAPANESE SIDE REGARDING THE RESCUE OPERATION THAT WAS CARRIED OUT TO SETTLE THE BESIEGED JAPANESE AMBASSADOR'S RESIDENCE IN PERU. HE STATED, "WE FEEL IT REGRETTABLE, INCLUDING THE PROBLEM OF INTERNATIONAL LAW." HE THEN INDICATED THAT IN HIS VIEW IT INFRINGES TECHNICALLY ON THE VIENNA CONVENTION ON DIPLOMATIC RELATIONS, WHICH STIPULATES NO INVASION OF "DIPLOMATIC FACILITIES." HOWEVER, HE REVEALED JAPAN'S POSITION OF NOT MAKING THIS AN ISSUE, ADDING, "WE HAVE UNDERSTOOD THAT SINCE IT WAS AN EMERGENCY, THE OTHER SIDE WAS NOT IN A POSITION TO GIVE ADVANCE NOTICE."

LOWER HOUSE EXPRESSES GRATITUDE TO PERU (ASAHI - PAGE 3)

IN RESPONSE TO THE SETTLEMENT OF THE HOSTAGE CRISIS AT THE JAPANESE AMBASSADOR'S RESIDENCE IN LIMA, PERU, THE LOWER HOUSE AT ITS PLENARY SESSION YESTERDAY UNANIMOUSLY ADOPTED A RESOLUTION DESIGNED TO EXPRESS APPRECIATION FOR THE SETTLEMENT OF THE HOSTAGE CRISIS AND OFFER HEARTFELT CONDOLENCES TO THE FAMILIES OF THOSE WHO DIED IN THE RESCUE OPERATION.

AMBASSADOR AOKI TO BE ORDERED HOME TEMPORARILY
(TOKYO SHIMBUN - PAGE 3)

A HIGH-RANKING OFFICIAL OF THE MINISTRY OF FOREIGN AFFAIRS (MOFA) YESTERDAY REVEALED A DECISION TO HAVE AMBASSADOR TO PERU MORIHISA AOKI RETURN HOME TEMPORARILY.

THE TIMING OF HIS RETURN WILL BE DISCUSSED BETWEEN FOREIGN MINISTER YUKIHIKO IKEDA, NOW VISITING PERU, AND THE AMBASSADOR HIMSELF. THE HIGH-LEVEL OFFICIAL, HOWEVER, WANTS HIM TO RETURN HOME IN MAY.

THE PURPOSE OF THE AMBASSADOR'S RETURN WOULD BE FOR REST AND A MEDICAL CHECKUP. AOKI IS EXPECTED TO REPORT ON THE HOSTAGE CRISIS TO THE NEWLY ESTABLISHED INVESTIGATION COMMITTEE (CHAIRLED BY ADMINISTRATIVE FOREIGN VICE MINISTER SADAYUKI HAYASHI).

GOJ TO CREATE CRISIS MANAGEMENT TEAM (MAINICHI - PAGE 3)

REFERRING TO THE SETTLEMENT OF THE PERU INCIDENT, CHIEF UNCLAS SECTION 04 OF 06 TOKYO 003627

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS APRIL 25

CABINET SECRETARY SEIROKU KAJIYAMA REVEALED YESTERDAY THAT THE GOVERNMENT WOULD ESTABLISH A POSITION RESPONSIBLE FOR CRISIS MANAGEMENT. THIS WAS THE FIRST REVELATION OF SUCH BY THE GOVERNMENT. KAJIYAMA STATED: "IN AN EFFORT TO INCREASE EFFICIENCY IN THE CRISIS MANAGEMENT SYSTEM OF THE PRIME MINISTER'S OFFICE, THE GOVERNMENT IS WILLING TO SET UP A NEW TEAM HEADED BY A DEPUTY CHIEF CABINET SECRETARY-LEVEL OFFICIAL. THE CONFERENCE ON ADMINISTRATIVE REFORM IS NOW PREPARING A DRAFT MANUAL THAT COVERS ALL KINDS OF NATIONAL CRISES."

JAPAN, U.S. TO LAUNCH JOINT STUDY GROUP ON CRISIS MANAGEMENT (MAINICHI - PAGE 3)

(WASHINGTON, APRIL 23, KYODO NEWS) THE JAPANESE AND UNITED STATES GOVERNMENTS ARE NOW SET TO LAUNCH A JOINT STUDY GROUP ON CRISIS MANAGEMENT IN MAY, IN RESPONSE TO THE U.S. SIDE'S PROPOSAL IN THE WAKE OF THE HOSTAGE CRISIS AT THE JAPANESE AMBASSADOR'S RESIDENCE IN PERU LAST DECEMBER, ACCORDING TO A U.S. GOVERNMENT SOURCE ON THE 23RD. CONCERNED ABOUT JAPAN'S POOR CAPABILITY TO RESPOND TO CRISES, THE U.S. GOVERNMENT HAS PROPOSED TO THE JAPANESE GOVERNMENT, SINCE EARLY THIS YEAR, THE FORMATION OF A JOINT STUDY GROUP DESIGNED FOR THE U.S. TO SHARE ITS KNOW-HOW ON CRISIS MANAGEMENT WITH JAPAN.

GOVERNMENT PARTIES DECIDE TO FREEZE JAPANQS INTERNATIONAL TOKAMAK EXPERIMENTAL REACTOR PLAN (YOMIURI - PAGE 5)

THE PLANNING COMMITTEE OF THE FISCAL STRUCTURAL REFORM CONFERENCE (CHAIRLED BY LDP SECRETARY GENERAL KATO) OF THE GOVERNMENT AND THE RULING CAMP -- THE LIBERAL DEMOCRATIC PARTY, SOCIAL DEMOCRATIC PARTY AND SAKIGAKE -- DECIDED

YESTERDAY TO FREEZE LARGE-SCALE PROJECTS IN THE SCIENCE AND TECHNOLOGY AREA, SUCH AS AN INTERNATIONAL SPACE STATION PROJECT AS WELL AS PLANS TO LOBBY FOR JAPANESE COMPANIES TO DO SOME WORK ON THE INTERNATIONAL TOKAMAK EXPERIMENTAL REACTOR (ITER) PROJECT. THIS POLICY DECISION WAS AGREED ON IN THE COMMITTEE'S 7TH MEETING, HELD YESTERDAY.

WITH THIS DECISION, AND FOLLOWING THE INCIDENT OF THE HIGH-SPEED BREEDER REACTOR "MONJU," THE SCIENCE AND TECHNOLOGY AGENCY WILL BE PRESSED TO DRASTICALLY REVIEW ITS ENERGY POLICY IN THE 21ST CENTURY.

JAPANQS DEFENSE SPENDING FOR FY1998 TO SHOW NEGATIVE GROWTH (NIHON KEIZAI - TOP PLAY)

THE GOVERNMENT AND THE RULING CAMP HAVE DECIDED TO KEEP DEFENSE SPENDING INCREASES IN THEIR FISCAL 1998 DRAFT BUDGET BELOW FISCAL 1997 BUDGET LEVELS, AS A PILLAR OF FISCAL REFORM. THEY WILL MODIFY WITHIN THE YEAR THE MEDIUM-TERM DEFENSE CONSOLIDATION PLAN (COVERING FISCAL YEARS '96 THROUGH 2000), IN WHICH TOTAL DEFENSE EXPENDITURES OVER FIVE YEARS AND OTHER ITEMS ARE STIPULATED. IN ADDITION, THEY WILL FOR THE FIRST TIME FREEZE A PORTION OF NEWLY-CONCLUDED CONTRACTS INITIALLY TO BE IMPLEMENTED WITHIN THIS FISCAL YEAR, ALTHOUGH A BUDGET FOR SUCH CONTRACTS IS APPROPRIATED IN THE FISCAL 1997 BUDGET. AT THE SAME TIME THEY WILL DRASTICALLY CUT DISBURSEMENTS PLANNED IN FISCAL 1998 (AS PART OF ANNUAL EXPENDITURES) BASED ON AN EXTENDED PAYMENT SYSTEM. COST REDUCTION WILL BE FOCUSED ON REAR SUPPORT EXPENSES, SUCH AS CONSOLIDATION AND MAINTENANCE OF FACILITIES, WHICH ARE NOTICEABLY EXPANDING, BUT FRONT-LINE EXPENSES WILL ALSO BE SHAVED FOR EQUIPMENT IN THE GROUND SELF-DEFENSE FORCE. NEGATIVE GROWTH IN DEFENSE SPENDING WILL BE THE FIRST EVER SINCE THE JAPAN DEFENSE AGENCY (JDA) WAS ESTABLISHED.

QLEPHANT CAGEQ NOW UNDER REVISED SPECIAL MEASURES LAW
UNCLAS SECTION 05 OF 06 TOKYO 003627

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS APRIL 25

(MAINICHI - PAGE 2)

WITH THE REVISED SPECIAL LAND-LEASE LAW COMING INTO

EFFECT (ON THE 23RD), THE NAHA DEFENSE FACILITIES ADMINISTRATION AGENCY (NAHA DFAA) ON THE 24TH DEPOSITED A LAND-LEASING FEE (RENT) IN THE NAHA REGIONAL JUSTICE BUREAU'S OKINAWA BRANCH FOR A PORTION OF LAND WITHIN THE UNITED STATES FORCES' SOBE COMMUNICATIONS STATION LOCATED AT YOMITAN VILLAGE IN OKINAWA PREFECTURE (COMMONLY KNOWN AS THE "ELEPHANT CAGE"), A LAND PLOT WHICH HAS LONG BEEN USED WITHOUT LEGAL TITLE BY THE CENTRAL GOVERNMENT. THIS IS THE FIRST APPLICATION OF THE REVISED LAW. THE LAND WILL BE CONSIDERED "IN A STATE OF PROVISIONAL USE" FROM THE 25TH, RESOLVING A STATE OF ILLEGAL USE WHICH HAD CONTINUED FOR NEARLY ONE YEAR.

THIS 236 SQUARE-METER PLOT IS OWNED BY SHOICHI CHIBANA (48), WHO IS A SUPER-MARKET MANAGER IN THE VILLAGE. THE PREFECTURAL EXPROPRIATION COMMITTEE WILL FOLLOW SIMILAR PROCEEDINGS REGARDING OTHER LAND PLOTS (OWNED BY ABOUT 3,000 PEOPLE) NOW USED BY 12 U.S. MILITARY FACILITIES INCLUDING KADENA AIR BASE, ALL OF WHICH ARE NOW UNDER REVIEW (BY THE COMMITTEE).

GUIDELINE REVIEW: INTERIM REPORT TO INCORPORATE MINESWEEPING AND ORDNANCE SUPPLY TO U.S. IN TIMES OF EMERGENCY AROUND JAPAN (ASAHI - PAGE 1)

THE JAPANESE AND U.S. GOVERNMENTS ARE NOW IN THE PROCESS OF REVIEWING THE GUIDELINES FOR JAPAN-U.S. DEFENSE COOPERATION, AIMING TO COMPLETE THEIR BILATERAL STUDIES AROUND THIS FALL. IN THIS CONNECTION, SOURCES REVEALED ON THE 24TH THAT A PLANNED INTERIM REPORT OF THE TWO COUNTRIES' INTERGOVERNMENTAL STUDIES WILL SPECIFICALLY INCORPORATE THE TWO GOVERNMENTS' INTENTION TO STUDY SUCH MATTERS AS DISPATCHING MINESWEEPERS, SUPPLYING WEAPONS AND AMMUNITION, AND OFFERING CIVILIAN AIRPORTS AND SEAPORTS AS "JAPAN'S (REAR) SUPPORT (ACTIVITIES) FOR THE U.S. IN TIMES OF EMERGENCY IN"AREAS SURROUNDING JAPAN." JAPAN, FOR THE FIRST TIME, IS NOW GOING TO STEP INTO THE SO-CALLED "GRAY ZONE" THAT MAY INFRINGE ON THE CONSTITUTIONALLY-PROHIBITED USE OF THE RIGHT OF COLLECTIVE SELF-DEFENSE (SHUDANTEKI JIEIKEN).

THE ONGOING REVIEW OF THE BILATERAL COOPERATION GUIDELINES WILL BE TAKEN UP ALSO AT THE JAPAN-U.S. SUMMIT MEETING TO BE HELD IN WASHINGTON ON THE 25TH. PRIME MINISTER RYUTARO HASHIMOTO AND PRESIDENT CLINTON ARE EXPECTED TO REACH AN AGREEMENT ON FORMULATING THE INTERIM REPORT BY THE END OF MAY.

IN SEPTEMBER LAST YEAR, THE TWO GOVERNMENTS COMPILED A PROGRESS REPORT OF THEIR STUDIES. THAT REPORT LISTED FIVE POINTS TO BE STUDIED FOR "EMERGENCIES IN THE AREAS SURROUNDING JAPAN" -- SUCH AS INTEROPERABILITY BETWEEN THE SELF-DEFENSE FORCES AND U.S. FORCES AS WELL AS REAR SUPPORT FOR U.S. MILITARY OPERATIONS.

THE INTERIM REPORT IS EXPECTED TO SPECIFY CONCEIVABLE OPERATIONS IN EACH AREA. REGARDING THE SCOPE OF "SDF OPERATIONS," THE INTERIM REPORT IS GOING TO INCORPORATE

(JAPAN'S) DISPATCHING MINESWEEPERS -- WHICH HAS BEEN STRONGLY REQUESTED BY THE U.S. SIDE. CONCERNING THE APPLICABLE SPHERE OF MINESWEEPING ACTIVITIES, HOWEVER, THE INTERIM REPORT WILL NOT TOUCH ON WHETHER SUCH SHOULD BE LIMITED TO JAPAN'S TERRITORIAL WATERS. AS FOR THE SCOPE OF JAPAN'S "REAR SUPPORT" ACTIVITIES, THE INTERIM REPORT WILL REFER TO SUCH ACTIVITIES AS SUPPLYING WEAPONS AND AMMUNITION -- IN ADDITION TO FUEL AND PROVISIONS -- AND TRANSPORTING U.S. MILITARY MATERIEL AND TROOPS.

DIET TO DELIBERATE FINANCIAL SUPERVISION AGENCY BILL
UNCLAS SECTION 06 OF 06 TOKYO 003627

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS APRIL 25

(SANKEI - PAGE 3)

DELIBERATIONS ON A BILL TO ESTABLISH A "FINANCIAL SURVEILLANCE AGENCY" STARTED YESTERDAY WITH BACKGROUND EXPLANATIONS AND QUESTION-AND-ANSWER SESSIONS HELD BY A LOWER HOUSE SPECIAL COMMITTEE ON THE 24TH, FOLLOWED BY EXPLANATIONS ON THE REASONS FOR SUBMISSION OF THE BILL AT THE LOWER HOUSE SPECIAL ADMINISTRATIVE REFORM COMMITTEE. THE BILL IS DESIGNED TO ESTABLISH A NEW "FINANCIAL SURVEILLANCE AGENCY" AS AN EXTERNAL ORGAN OF THE PRIME MINISTER'S OFFICE, BY SPLITTING FINANCIAL INSPECTION AND SURVEILLANCE FUNCTIONS FROM THE MINISTRY OF FINANCE (MOF). THE SPECIAL COMMITTEE, AT A DIRECTORS' MEETING HELD YESTERDAY EVENING, DECIDED TO LAUNCH FULL-SCALE DELIBERATIONS ON MAY 6, ASKING FOR THE PRIME MINISTER'S ATTENDANCE.

JAPAN LIFTS AMERICAN TOMATO IMPORT BAN
(NIHON KEIZAI - PAGE 5)

THE MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES (MAFF) YESTERDAY LIFTED A BAN ON IMPORTS OF U.S.-GROWN TOMATOES, EFFECTIVE THAT DAY. THE DECISION WAS MADE BECAUSE A MAFF SURVEY, WHICH WAS CONDUCTED AT AMERICA'S STRONG REQUEST, PROVED THAT THERE WAS NO CONCERN THAT IMPORTS OF U.S. TOMATOES MIGHT INTRODUCE HARMFUL INSECTS INTO JAPAN AS PREVIOUSLY FEARED. UNTIL NOW, MAFF HAS PLACED A BAN ON IMPORTS OF U.S. TOMATOES DUE TO THE POSSIBILITY OF SPREADING THE TOBACCO BLUE MOLD (TBM).
CRANE

SECT: SECTION: 01 OF 06

<^SECT>SECTION: 02 OF 06
<^SECT>SECTION: 03 OF 06
<^SECT>SECTION: 04 OF 06
<^SECT>SECTION: 05 OF 06
<^SECT>SECTION: 06 OF 06

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DIST:

SIT: KRISTOFF PRITCHARD SUETTINGER URIU
SIT: NSC

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: Scenesetter for Visit to Hawaii and CONUS (11 pages)	05/01/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
NSC Cables
Jan 1997-Dec 1998 ([Futenma])
OA/Box Number: 520000

FOLDER TITLE:

[04/25/1997 - 05/15/1997]

2016-0420-F
sb1903

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. cable	Re: Official Informal: Draft Memcon (24 pages)	05/02/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
NSC Cables
Jan 1997-Dec 1998 ([Futenma])
OA/Box Number: 520000

FOLDER TITLE:

[04/25/1997 - 05/15/1997]

2016-0420-F
sb1903

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. cable	Re: Japan-U.S. / Security Relationship (5 pages)	05/02/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
NSC Cables
Jan 1997-Dec 1998 ([Futenma])
OA/Box Number: 520000

FOLDER TITLE:

[04/25/1997 - 05/15/1997]

2016-0420-F
sb1903

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. cable	Re: Summary 149-97 (6 pages)	05/09/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
NSC Cables
Jan 1997-Dec 1998 ([Futenma])
OA/Box Number: 520000

FOLDER TITLE:

[04/25/1997 - 05/15/1997]

2016-0420-F
sb1903

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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Cable

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LINE3: O 142146Z MAY 97
LINE4: FM AMEMBASSY TOKYO
OSRI: RUEHKO
DTG: 142146Z MAY 97
ORIG: AMEMBASSY TOKYO
TO: RHEHAAA/WHITEHOUSE WASHDC IMMEDIATE
RUEHIA/USIA WASHDC IMMEDIATE 4870
RUHBBMA/AMCONSUL NAHA PRIORITY 8587
RUEHUL/AMEMBASSY SEOUL PRIORITY 4103
RUEHHK/USDLO HONG KONG HK PRIORITY
RUEHBJ/AMEMBASSY BEIJING PRIORITY 7345
RUEKJCS/SECDEF WASHDC//USDA;ISA// PRIORITY
RUEHC/SECSTATE WASHDC PRIORITY 6378
RUALSFJ/COMUSJAPAN YOKOTA AB JA PRIORITY
RUHBANB/OAFO CAMP BUTLER JA PRIORITY
RUHVPAC/HQ PACAF HICKAM AFB HI//CC/PA// PRIORITY
RHHMHAH/CINCPACFLT PEARL HARBOR HI//N541// PRIORITY
RHHMUNA/USCINCPAC HONOLULU HI//USIA// PRIORITY
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RUCPDOG/USDOC WASHDC PRIORITY
INFO: RUEHOK/AMCONSUL OSAKA KOBE PRIORITY 1955
RUEHKOF/AMCONSUL FUKUOKA PRIORITY 5106
SUBJ: MEDIA REACTION, OKINAWA AND U.S.-JAPAN
SECURITY; TOKYO

LEAD STORIES: MOST WEDNESDAY PAPERS GAVE TOP PLAY TO THE
CRIMINAL COMPLAINT FILED BY THE SECURITIES AND EXCHANGE

TEXT:
UNCLAS TOKYO 004227

USIA

FOR: USIA FOR I/RF, I/RFW, I/GEA, EA, R/MR; STATE/EAP/J,
EAP/P, PM, STATE DEPT. PLS PASS TO USTR/PUBLIC AFFAIRS
OFFICE; TREASURY/OASIA/IMI; NSC; SECDEF FOR OASD/PA; CP
BUTLER OKINAWA FOR AREA FIELD OFFICE

E.O. 12958; N/A
SUBJECT: MEDIA REACTION, OKINAWA AND U.S.-JAPAN
SECURITY; TOKYO

LEAD STORIES: MOST WEDNESDAY PAPERS GAVE TOP PLAY TO THE
CRIMINAL COMPLAINT FILED BY THE SECURITIES AND EXCHANGE
SURVEILLANCE COMMISSION AGAINST NOMURA SECURITIES AND
THREE OF ITS FORMER EXECUTIVES IN CONNECTION WITH A
PAYOFF SCANDAL.

1. "IN SEARCH OF HARMONY BETWEEN OKINAWA AND THE U.S.-JAPAN SECURITY RELATIONSHIP" THE TOP-CIRCULATION, MODERATE YOMIURI EDITORIALIZED (5/14), "THURSDAY (MAY 15) MARKS THE 25TH ANNIVERSARY OF THE RETURN OF OKINAWA TO JAPAN. LAND LEASES FOR U.S. MILITARY BASES THERE, INCLUDING FUTENMA AIR STATION AND KADENA AIR BASE, WILL RUN OUT AT MIDNIGHT WEDNESDAY, BUT RECENTLY REVISED LEGISLATION WILL ALLOW THE CENTRAL GOVERNMENT TO CONTINUE OCCUPYING THE LAND IN QUESTION.

"FIRST AND FOREMOST, THE 'OKINAWAN PROBLEM' MUST BE VIEWED WITH THE AIM OF MAINTAINING THE U.S.-JAPAN SECURITY TREATY. THE SECURITY TREATY, THE FOUNDATION OF JAPAN'S SECURITY POLICIES AND A STABILIZING FACTOR IN THE ASIA-PACIFIC REGION, DEPENDS ON THE U.S. MILITARY PRESENCE IN JAPAN, WHICH REQUIRES THE JAPANESE GOVERNMENT PROVIDE LAND FOR U.S. MILITARY BASES.

"THE U.S. MILITARY BASES ON OKINAWA ARE VERY IMPORTANT BECAUSE OF THEIR GEOGRAPHICAL PROXIMITY TO AREAS WHICH REMAIN POTENTIALLY UNSTABLE. THE CONSOLIDATION AND REDUCTION OF U.S. MILITARY FACILITIES SHOULD BE IMPLEMENTED ON THE CONDITION THAT U.S. MILITARY CAPABILITIES ARE MAINTAINED INTACT... ANOTHER IMPORTANT TASK FACING THE JAPANESE GOVERNMENT IS PROMOTING OKINAWA'S ECONOMIC GROWTH."

2. "OKINAWANS CONTINUE TO SEEK THE SAME LEVEL OF 'SECURITY BURDEN' AS MAINLAND JAPAN..." THE LIBERAL MAINICHI EDITORIAL OBSERVED (5/10), "TWENTY-FIVE YEARS HAVE PASSED SINCE OKINAWA'S REVERSION TO JAPANESE ADMINISTRATION. DURING THE PERIOD, THERE WAS PROGRESS IN THE REUNIFICATION OF OKINAWA AND MAINLAND JAPAN, AS THEN PRIME MINISTER SATO HOPED IN A SPEECH MARKING OKINAWA'S RETURN ON MAY 15, 1972. BUT THE 'SECURITY BURDEN' -- IN THE FORM OF U.S. MILITARY BASES -- HAS NOT BEEN BROUGHT DOWN TO THE SAME LEVEL AS THAT OF THE MAINLAND.

"U.S. BASES WILL CONTINUE IN OKINAWA PREFECTURE WITH THE THE REVISED BASE LAND REQUISITION LAW... SOME SPECULATE THAT AFTER MAY 15, OKINAWA MAY PROVOKE ONLY INDIFFERENCE IN THE NATIONAL DIET. SUCH A THING SHOULD NOT BE ALLOWED TO HAPPEN. PRESIDENT CLINTON AND PRIME MINISTER HASHIMOTO REAFFIRMED CLOSE CONSULTATIONS ON THE COMPOSITION OF U.S. TROOPS DURING THEIR MEETING IN WASHINGTON LAST MONTH.

"IN PARTICULAR, PRESIDENT CLINTON PROMISED THAT THE U.S. WOULD REACT IN A SENSITIVE MANNER TO THE OKINAWA PROBLEM... THE SACO FINAL REPORT, ISSUED BY THE U.S. AND JAPAN LAST DECEMBER, SHOULD BE FULLY IMPLEMENTED, RETURNING 11 U.S. MILITARY FACILITIES, INCLUDING FUTENMA AIR BASE, TO JAPAN. MARINE, AIR FORCE, NAVY AND ARMY BASES ON OKINAWA MUST ALSO BE CONSOLIDATED AND REDUCED." CHAN, ACTING

SECT: SECTION: 01 OF 01

SSN: 4227

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SIT: NSC

Cable

PREC: IMMEDIATE
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RHEHAAA/WHITE HOUSE WASHDC
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA
RUALSFJ/COMUSJAPAN YOKOTA AB JA
SUBJ: JAPANESE MORNING PRESS HIGHLIGHTS MAY 15

TOP HEADLINES:

TEXT:
UNCLAS SECTION 01 OF 09 TOKYO 004237

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR
EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA
WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN;
TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB
IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN
GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC
FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MAY 15

TOP HEADLINES:

ASAHI: THREE FORMER NOMURA SECURITIES EXECS ARRESTED ON
CHARGE OF ILLEGAL PROVIDING OF PROFITS; AIDES TO THE
LEADERSHIP ALSO INVOLVED IN ILLEGAL TRANSACTIONS; SERVED
AS WINDOW FOR OPENING THE ACCOUNT OF CORPORATE RACKETEER

NIHON KEIZAI: LOWERING PENSION WILL BE SPECIFIED; TO

DELAY ELIGIBLE AGE BEYOND 65; TO SCRAP THE WAGE-SLIDE SYSTEM; SUGGESTIONS TO BE INCLUDED IN A FINAL REPORT BY FISCAL REFORM COUNCIL

TOKYO SHIMBUN: THREE FORMER NOMURA SECURITIES MANAGING DIRECTORS ARRESTED BY TOKYO DISTRICT PUBLIC PROSECUTORS OFFICE; "PROVIDING OF PROFITS" ADMITTED; FORMER PRESIDENT SAKAMAKI'S HOUSE ALSO SEARCHED

MAINICHI: ACCOUNTS OF OKAMITSU AND HIS WIFE FOUND IN VIP ACCOUNTS AT NOMURA SECURITIES; FROM 10 YEARS BEFORE; TESTIFIED BY PERSONS CONCERNED

YOMIURI: THREE FORMER NOMURA SECURITIES EXECS ARRESTED ON CHARGE OF VIOLATION OF COMMERCIAL LAW; PROVIDED PROFITS TO CORPORATE RACKETEER; TOKYO DISTRICT PUBLIC PROSECUTORS OFFICE WILL PURSUE THE LEADERSHIP FOR THEIR INVOLVEMENT

SANKEI: THREE FORMER NOMURA SECURITIES MANAGING DIRECTORS ARRESTED BY TOKYO DISTRICT PUBLIC PROSECUTORS OFFICE ON CHARGE OF VIOLATION OF THE COMMERCIAL LAW AND OTHER LAWS; CHARGES ADMITTED IN OUTLINE; ATTENTION NOW ON LEADERSHIP'S INVOLVEMENT; FORMER PRESIDENT SAKAMAKI'S RESIDENCE SEARCHED

25TH ANNIVERESARY OF OKINAWAQS REVISION: -- ANTI-BASE MOOD GROWS IN OKINAWA, BUT GOVERNMENT FEELS THINGS HAVE EASED FOR TIME BEING (MAINICHI - PAGE 2)

MAY 15 IS THE DAY MARKING THE 25TH ANNIVERSARY OF OKINAWA'S REVERSION TO JAPAN'S RULE, BUT THIS DAY, NEITHER THE CENTRAL GOVERNMENT NOR OKINAWA PREFECTURE WILL OFFICIALLY HOLD ANY COMMEMORATIVE CEREMONIES, GREETING THE QUARTER-CENTURY MARK IN A ODDLY RESTRAINED MANNER. ALTHOUGH THERE STILL REMAIN A MOUNTAIN OF ISSUES TO RESOLVE, SUCH AS HOW TO BRING ABOUT REALIGNMENT AND REDUCTION OF U.S. MILITARY BASES (ON OKINAWA) AND HOW TO WORK OUT A PACKAGE OF ECONOMIC STIMULUS MEASURES (FOR THAT PREFECTURE), THE CENTRAL GOVERNMENT AND THE LIBERAL DEMOCRATIC PARTY (LDP) HAVE BEEN ENVELOPED IN A RELAXED MOOD THAT STEMS FROM THE THINKING THAT "THE OKINAWA PROBLEM FOR THE TIME BEING HAS ENDED" (PRIME MINISTER RYUTARO HASHIMOTO), SINCE THEY SUCCEEDED IN GETTING THE DIET TO APPROVE THE AMENDMENT OF THE SPECIAL LAND-LEASE LAW FOR STATIONED FORCES THAT ENABLES THE CONTINUED USE OF LAND AS MILITARY SITES FOR UNITED STATES FORCES.

AT THE TIME OF THE 20TH ANNIVERSARY OF OKINAWA'S REVERSION TO JAPAN IN MAY, 1992, A CENTRAL GOVERNMENT-SPONSORED CEREMONY WAS HELD IN TOKYO WITH THE PARTICIPATION OF SUCH VIPS AS THE EMPEROR AND THE EMPRESS, PRIME MINISTER KIICHI MIYAZAWA (AT THE TIME) AND U.S. VICE PRESIDENT QUAYLE (AT THE TIME). BUT THIS TIME, NEITHER SPECIAL EVENT NOR A PRIME MINISTER'S SPEECH ARE PLANNED. THE CENTRAL GOVERNMENT ASSUMES A WAIT-AND-SEE ATTITUDE.

A STAFFER OF THE PRIME MINISTER'S OFFICIAL RESIDENCE

NOTES, "A CEREMONY IS USUALLY HELD AT SUCH OCCASIONS AS THE 20TH ANNIVERSARY OR THE 30TH ANNIVERSARY," BUT THIS MONTH HAPPENS TO COINCIDE WITH A GROWING ANTI-SECURITY TREATY AND ANTI-BASE MOOD, AS SEEN IN A "PEACE DEMONSTRATION" PLANNED FOR AREAS NEAR U.S. BASES ON OKINAWA AND WORLD WAR II BATTLE SITES. SO THERE ALSO SEEMS THE JUDGMENT THAT "IT WOULD BE BETTER FOR US NOT TO UNCLAS SECTION 02 OF 09 TOKYO 004237

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

E.O. 12958: N/A

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MAY 15

CARRY OUT ANYTHING SPECIAL" (GOVERNMENT-RELATED SOURCE).

HOWEVER, SINCE THE PRIME MINISTER EMPHASIZED "THE TRUST RELATIONSHIP BETWEEN THE CENTRAL GOVERNMENT AND OKINAWA PREFECTURE" IN THE PROCESS OF DEALING WITH THE PROBLEM OF U.S. MILITARY BASES ON OKINAWA, MANY IN THE CENTRAL GOVERNMENT BELIEVE IT IS NECESSARY TO HOLD A CEREMONY IN SOME FORM LATER THIS YEAR. THE CENTRAL GOVERNMENT IS THEN CONSIDERING HOLDING A CEREMONY BY THIS FALL.

ON THE OTHER HAND, CHIEF CABINET SECRETARY SEIROKU KAJIAYAMA, REFERRING TO THE ACTUAL STATE OF OKINAWA PREFECTURE IN A NEWS CONFERENCE ON THE 14TH, EXPLAINED, "I UNDERSTAND THAT AVERAGE INCOME OF OKINAWA PREFECTURAL PEOPLE AMOUNTS TO A LITTLE OVER 70 PERCENT OF THAT OF THOSE ON MAINLAND JAPAN, AND THAT OKINAWA HAS A HEAVY BURDEN COMING FROM 75 PERCENT OF THE U.S. BASES IN JAPAN BEING CONCENTRATED THERE." HE CONTINUED, "IT IS NECESSARY TO HELP THEM BUILD A STRONGER ECONOMY THERE. THE CENTRAL GOVERNMENT WILL DEVOTE ALL ITS ENERGIES TO GRAPPLE WITH THIS MATTER." (NATSUKI MOTODANI)

U.S.-JAPAN SECURITY TALKS HINGE ON DEFENSE COOPERATION
(NIHON KEIZAI - PAGE 2)

THE GOVERNMENT OBSERVED THE 25TH ANNIVERSARY OF OKINAWA'S REVERSION TO JAPAN MINUS ANY DRASTIC SOLUTION TO THE PROBLEM OF U.S. MILITARY BASES THERE. IN TAKING PROCEDURES TO ALLOW THE CONTINUED USE OF LAND THERE FOR THE AMERICAN BASES, THE GOVERNMENT HAS OVERCOME FOR NOW THE IMMEDIATE PROBLEM BY INTRODUCING A SYSTEM OF MAKING PROVISIONAL USE OF LAND (AFTER THE EXPIRY OF LAND LEASES). MEANWHILE, HOWEVER, LOCAL DISSATISFACTION IN OKINAWA CONTINUES TO SMOLDER OVER THE ISSUE OF REALIGNING, CONSOLIDATING, AND REDUCING THE BASES THERE,

AS IN THE PROPOSED RETURN OF THE FUTENMA AIR STATION SITE. THE GOVERNMENT HAS YET TO GO ENGAGE IN LOCAL COORDINATION, AND HAS OTHER PROBLEMS YET TO ADDRESS, INCLUDING THE FISCAL ASPECTS. JAPAN AND THE U.S. HAVE BEEN HOLDING SECURITY CONSULTATIONS WHILE GRAPPLING WITH THE PROBLEM OF U.S. MILITARY BASES ON OKINAWA AND STRENGTHENING BILATERAL DEFENSE COOPERATION. YET, THE TWO ALLIES, NOW FACED WITH THE REALITY THAT "THE STRATEGIC IMPORTANCE OF OKINAWA REMAINS UNCHANGED," ARE GIVING MUCH WEIGHT TO THE ISSUE OF STRENGTHENING BILATERAL DEFENSE COOPERATION -- INSTEAD OF FOCUSING ON THE PROBLEM OF BASES.

PERCEPTION GAP STILL REMAINS OVER BASE REDUCTION

JAPAN AND THE U.S. CONFIRMED AT THE APRIL SUMMIT MEETING OF PRIME MINISTER RYUTARO HASHIMOTO AND PRESIDENT CLINTON THAT THE TWO COUNTRIES WOULD COOPERATE TO ALLEVIATE THE BURDEN ON OKINAWA AND CONTINUE CLOSE CONSULTATIONS OVER MILITARY POSTURES INCLUDING THE U.S. FORCES IN JAPAN.

HOWEVER, THE TWO COUNTRIES HAVE ALSO AGREED TO MAINTAIN THE U.S. MILITARY PRESENCE. OKINAWA PREFECTURE'S GOVERNOR MASAHIDE OTA HAS SAID, "I WOULD LIKE TO PUT OUT AN EVEN STRONGER CALL THAN EVER FOR BASE REALIGNMENT AND REDUCTION." DESPITE THE GOVERNOR'S EXPRESSION OF SUCH LOCAL HOPES, THE TWO GOVERNMENTS, FROM NOW ON, ARE GOING TO MAKE COORDINATION IN ORDER TO IMPLEMENT A REPORT ISSUED LATE LAST YEAR BY THE JAPAN-U.S. SPECIAL ACTION COMMITTEE (ON FACILITIES AND AREAS IN OKINAWA) (SACO), INSTEAD OF MOVING ON TO OTHER TASKS CONNECTED WITH BASE REALIGNMENT, CONSOLIDATION, AND REDUCTION.

PUBLIC ATTENTION IS NOW FOCUSED ON THE PROBLEM OF CONSTRUCTING AN ALTERNATIVE HELIPORT FOR THE FUTENMA AIRFIELD. FOR THIS PROJECT, THE GOVERNMENT INTENDS TO BASE ITSELF ON THE RESULTS OF A (PRELIMINARY FEASIBILITY) SURVEY OF A SITE IN THE WATERS OFF CAMP SCHWAB (LOCATED UNCLAS SECTION 03 OF 09 TOKYO 004237

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MAY 15

IN NAGO CITY), AND IS GOING TO CREATE AN IMPLEMENTATION PLAN BY THE END OF THIS YEAR, INCORPORATING A CONSTRUCTION METHOD. HOWEVER, IT HAS BEEN SAID THAT "CONDUCTING A SURVEY IS ONE THING, AND CONSTRUCTING (A

HELIPORT) ACTUALLY IS ANOTHER." SO, THE GOVERNMENT WILL PRESUMABLY ENCOUNTER COMPLICATIONS BEFORE IT MAKES A FINAL DECISION ON WHERE TO CONSTRUCT THE ALTERNATIVE HELIPORT.

COSTS FOR BASE RELOCATION ARE SAID TO TOTAL MORE THAN ONE TRILLION YEN. WHAT TO DO ABOUT SUCH COSTS IS ALSO ONE OF THE PROBLEMS LEFT BEHIND. THE LIBERAL DEMOCRATIC PARTY'S DIET MEMBERS CONCERNED WITH NATIONAL DEFENSE ARE ALSO VOICING THEIR DOUBT OVER THE NECESSITY OF PURSUING THE OFFSHORE CONSTRUCTION PLAN.

DEFENSE COOPERATION AS MAIN THEME

THE JAPANESE AND U.S. GOVERNMENTS WILL RELEASE A PROGRESS REPORT AROUND EARLY JUNE ON THEIR ONGOING REVIEW OF GUIDELINES FOR DEFENSE COOPERATION, AND THE TWO GOVERNMENTS WILL THEN ENTER INTO THE FINISHING TOUCHES FOR A REVIEW OF THE GUIDELINES TO BE FINALIZED THIS FALL. THE ONGOING REVIEW OF THE GUIDELINES IS INTENDED TO MEET THE POST-COLD WAR, NEW INTERNATIONAL SITUATION AND STEP UP THE TWO COUNTRIES' READINESS FOR POSSIBLE EMERGENCIES IN THE FAR EAST. A FOREIGN MINISTRY SOURCE EXPLAINS, "FOR THE U.S., THIS IS INSTEAD THE MAIN THEME."

FUMIO KYUMA, DIRECTOR GENERAL OF THE JAPAN DEFENSE AGENCY, HAS INDICATED A COURSE OF ACTION TO LIMIT THE POSSIBLE SPHERE OF JAPAN'S REAR SUPPORT FOR THE U.S. TO JAPAN'S TERRITORIAL WATERS OR INTERNATIONAL WATERS (AS DEFENSE COOPERATION IN TIMES OF EMERGENCY). DEPENDING ON SPECIFICS AND CONDITIONS, HOWEVER, SUCH WOULD LEAVE ASIDE CONSTITUTIONALLY DELICATE ISSUES. THE GOVERNMENT WILL BE URGED TO MAKE EVEN MORE DIFFICULT COORDINATION THAN IN THE CASE OF THE OKINAWA PROBLEM.

DIET POLICY CLIQUES EXPECTED TO REACT STRONGLY TO LDP FISCAL REFORM PACKAGE (YOMIURI - PAGE 5)

THE FISCAL STRUCTURAL REFORM PLAN DRAFTED BY THE LIBERAL DEMOCRATIC PARTY (LDP) AS OF THE 14TH WILL BE SUBMITTED TO PRIME MINISTER HASHIMOTO TODAY BY KOKO SATO, CHAIRMAN OF THE ADMINISTRATIVE REFORM PROMOTION HEADQUARTERS, WHICH IS IN CHARGE OF CONSOLIDATING VIEWS FOR SUCH A REFORM. THE DRAFTING OF THE REFORM PLAN MET WITH STRONG RESISTANCE FROM DIET POLICY CLIQUES (TN: ZOKU) REPRESENTING THE CONSTRUCTION AND AGRICULTURAL SECTORS, WHICH ARE UP FOR SPENDING CUTS. THE ARRANGEMENT FOR THE FUTURE IS THAT THE GOVERNMENT AND RULING PARTIES-SPONSORED FISCAL STRUCTURE REFORM CONFERENCE WILL DISCUSS SPENDING CUT MEASURES AIMING AT THE INCLUSION OF NUMERICAL TARGETS, A MOVE WHICH IS BOUND TO "INDUCE HEATED ARGUMENT" (SENIOR LDP MEMBER). IN THE MEANTIME, THE SOCIAL DEMOCRATIC PARTY (SDP) RESENTS THE FACT THAT THE LDP HAS TAKEN THE INITIATIVE IN DRAFTING SPENDING-CUT MEASURES. COMPLICATIONS ARE EXPECTED TO ARISE OVER COORDINATION NOT ONLY WITHIN THE LDP BUT ALSO WITHIN THE RULING CAMP.

AT A MEETING OF THE PROMOTION HEADQUARTERS AND ITS CONSTRUCTION SUBCOMMITTEE HELD YESTERDAY AT THE LDP HEADQUARTERS, CONSTRUCTION-RELATED LAWMAKERS PUT UP RESISTANCE TO THE END, INSISTING, "STRETCHING OUT THE BASIC PUBLIC WORKS PROJECTS PLAN BY THREE YEARS IS TOO LONG," OR "IT IS OUTRAGEOUS TO TOUCH ROAD-RELATED FUNDING RESOURCES (SPECIAL FUNDING RESOURCES, SUCH AS SPECIFIC AUTOMOBILE DUTIES)." BUT THE HEADQUARTERS' SIDE ASSUMED A STANCE OF "A REFORM PLAN HAS ALREADY BEEN DRAFTED. TODAY'S MEETING IS JUST TO LET OFF STEAM." HEADQUARTERS CHIEF SATO REPORTEDLY REPLIED SIMPLY, "I WILL BEAR THAT UNCLAS SECTION 04 OF 09 TOKYO 004237

USIA

FOR: USIA D/P, I/GEA, I/REF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MAY 15

IN MIND."

ON THE 9TH, MEMBERS OF THE AGRICULTURE AND FORESTRY, CONSTRUCTION AND FISHERIES SUBPANELS CALLED AT THE PRIME MINISTER'S RESIDENTIAL OFFICE AND REBUKED DEPUTY CHIEF CABINET MINISTER HAJIME YOSANO, WHO IS IN CHARGE OF CONSOLIDATING VIEWS ON THE GOVERNMENT'S SIDE, OVER THE SIGNIFICANT SPENDING-CUT PROPOSALS, INSISTING, "WE WILL DEFEND TO THE LAST SPECIFIC AUTOMOBILE DUTIES AS SPECIAL FUNDING RESOURCES" OR "WE WILL DESPERATELY DEFEND (URUGUAY ROUND AGRICULTURAL COUNTERMEASURES). WE ARE STAKING OUR POLITICAL LIVES ON THIS."

OVER THE HANDLING OF VARIOUS LONG-TERM PROGRAMS, SUCH AS THE BASIC PUBLIC WORKS PROJECTS PLAN, THE LDP HAS QUICKLY ADOPTED A BASIC POLICY DIRECTION OF CONSTRAINING EXPENDITURES FOR A SINGLE FISCAL YEAR BY LENGTHENING THE TERM OF THE PLAN WITHOUT CHANGING ITS TOTAL AMOUNT. THE DRAFT PLAN PREPARED BY THE LDP SPECIFICALLY MENTIONS THAT THE BASIC PUBLIC WORKS PROJECTS TOTALING 630 TRILLION YEN (FY1995 - FY2001) BE "EXTENDED IT BY THREE YEARS OR SO." A SETTLEMENT HAS VIRTUALLY BEEN REACHED ALSO ON THE URUGUAY ROUND COUNTERMEASURES (FY1995 - FY2000) TOTALING 6.01 TRILLION YEN, BY EXTENDING THE TERM BY TWO YEARS.

THAT IS BECAUSE, IN THE CASE OF URUGUAY ROUND COUNTERMEASURES, FOR EXAMPLE, "THE GOVERNMENT HAS ALREADY GIVEN ACCOUNTS TO FARMERS AS TO HOW SUCH FUNDS WILL BE USED IN LAND IMPROVEMENT PROJECTS, AND SO, IF THE TOTAL AMOUNT IS SLASHED, IT WILL CAUSE TROUBLE" (OFFICER WHO SERVED AS CABINET MINISTER).

HOWEVER, DEBATE ON A REVIEW OF THE "DETAILS" OF SPECIFIC PROJECTS INCLUDED IN EACH PLAN AND COUNTERMEASURE HAS BEEN DEFERRED TO A LATER DATE, REASONING, "EACH GOVERNMENT AGENCY AND DIET CLIQUES CAN LOOK AFTER THAT SIDE ON THEIR OWN RESPONSIBILITY. IF WE GET INVOLVED, UNNECESSARY FRICTION MIGHT OCCUR" (SENIOR OFFICIAL).

THE LDP DRAFT PLAN STIPULATES THAT "A REVIEW BE CONSIDERED" FOR 13 KINDS OF SPECIAL FUNDING RESOURCES, SUCH AS SPECIFIC AUTOMOBILE DUTIES AND THE GASOLINE TAX LEVIED FOR CONSOLIDATION OF ROADS, "BUT AN UPROAR WOULD BE UNAVOIDABLE IF DEBATE GOES AS FAR AS TO SPECIFIC ARGUMENTS, SUCH AS SPECIAL FUNDING RESOURCES SHOULD BE SHIFTED TO GENERAL FUNDING RESOURCES.

UNDER THESE CIRCUMSTANCES, IF THE SETTING OF NUMERICAL TARGETING OR SPECIFIC CONTENTS OF REDUCTION MEASURES ARE PUT ON THE NEGOTIATING TABLE, DIET CLIQUES ARE LIKELY TO STRENGTHEN THEIR RESISTANCE IN ONE SWEEP, BACKED BY ORGANIZED VESTED INTERESTS.

COORDINATION WITH IN RULING CAMP ALSO TOUGH

IN THE MEANTIME, DURING THE NEGOTIATIONS HELD YESTERDAY BETWEEN THE SDP AND THE SAKIGAKE PARTY, THE SDP STRONGLY RESENTED THAT MATTERS ARE BEING HANDLED AT THE PACE OF THE LDP. ON THE BACK OF ITS RESENTMENT, THE LDP DRAFT PLAN CALLS FOR "DRASTICALLY SLASHING" (SENIOR SDP OFFICIAL) AREAS ON WHICH THE SDP PLACES EMPHASIS, SUCH AS CULTURE, EDUCATION AND WELFARE. THE LDP SAYS THAT IT WANTS TO INCLUDE THE SDP'S ASSERTIONS AT THE STAGE OF FINALIZING THE DRAFT PLAN, BUT COORDINATION WITH THE SDP IS LIKELY TO ENCOUNTER DIFFICULTIES.

ADMINISTRATIVE REFORM PANEL HEARINGS WITH MINISTRIES AND AGENCIES A BIG DUD (TOKYO SHIMBUN - PAGE 2)

THE GOVERNMENT'S CONFERENCE ON ADMINISTRATIVE REFORM (CHAIRER BY PRIME MINISTER RYUTARO HASHIMOTO) MEETING AT THE PRIME MINISTER'S OFFICE YESTERDAY AFTERNOON HELD HEARINGS ON REORGANIZATION OF CENTRAL GOVERNMENT AGENCIES UNCLAS SECTION 05 OF 09 TOKYO 004237

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MAY 15

WITH THE ATTENDANCE OF THE MINISTRIES OF FINANCE (MOF), FOREIGN AFFAIRS (MOFA) AND HEALTH AND WELFARE (MHW).

THE PANEL EARLIER HAD INSTRUCTED GOVERNMENT AGENCIES TO OFFER THEIR OWN SPECIFIC RESTRUCTURING PLANS AT YESTERDAY'S AND FUTURE HEARINGS. BUT GIVING VIRTUALLY "NO REPLY" IN THEIR REMARKS, THE THREE MINISTRIES AGREED TO SUBMIT A LIST OF RESPECTIVE PROPOSALS IN A MEETING OF THE COUNCIL ON THE 20TH. KIYOSHI MIZUNO, THE PANEL'S MANAGING DIRECTOR, LASHED OUT AT THEM IN A PRESS CONFERENCE HELD AFTER THE HEARINGS, "THEY SEEM TO HAVE NO ENTHUSIASM TO TACKLE ADMINISTRATIVE REFORM."

ASKED ABOUT ITS OWN RESTRUCTURING PLAN, AN MOF REPRESENTATIVE STATED, "WE HAVE TAKEN A VARIETY OF MEASURES TO SWEEPINGLY REFORM OUR MINISTRY, SUCH AS THE SEPARATION OF THE INSPECTION AND SURVEILLANCE SECTIONS." HE DID NOT REFER TO ANY NEW APPROACH TO RECONFIGURE THE CENTRAL GOVERNMENT AGENCIES. MOF GAVE NEGATIVE REPLIES ALSO TO THE PANEL'S QUESTIONS ABOUT THE POSSIBILITY OF: (1) TRANSFER OF ITS BUDGET-COMPILATION AUTHORITY TO THE CABINET; AND (2) PRIVATIZATION OF THE MINT AND PRINTING BUREAUS.

A MOFA REPRESENTATIVE SAID AT THE HEARING, "SINCE DIPLOMACY IS INDISPENSABLE FOR A NATION, OUR RESPONSIBILITIES ARE UNCONNECTED TO THE VIEW IN ADMINISTRATIVE REFORM OF SHIFTING 'GOVERNMENT DUTIES TO THE PRIVATE SECTOR'." REGARDING THE IDEA OF INTEGRATING SUCH INTERNATIONAL COOPERATION EFFORTS AS OFFICIAL DEVELOPMENT ASSISTANCE (ODA) INTO ONE AGENCY, THE OFFICIAL STRESSED THE NEED FOR "UNIFICATION OF SUCH FUNCTIONS INTO A BODY UNDER THE CONTROL OF MOFA."

MHW AS WELL OFFERED ONLY AN ABSTRACT VIEW WITHOUT TOUCHING ON SPECIFIC MEASURES, SAYING "WE WOULD LIKE TO HOLD DOWN THE RATE OF THE PEOPLE'S SHARE OF THE BURDEN TO BELOW 50 PERCENT EVEN AT THE PEAK OF THE AGING SOCIETY." BUT ON PRIVATIZATION AND DECENTRALIZATION OF NATIONAL HOSPITALS AND CLINICS, ITS REPRESENTATIVE MADE A FORWARD-LOOKING REPLY, "WE THINK IT IS NECESSARY TO STREAMLINE HOSPITALS BEARING THE ROLE OF GIVING UP-TO-DATE TREATMENT, BUT OTHERS SHOULD BE PRIVATIZED."

ENVIRONMENT MINISTRY PROPOSES UP-GRADING TO MINISTRY

THE GOVERNMENT'S CONFERENCE ON ADMINISTRATIVE REFORM YESTERDAY RELEASED THE REPLIES OF THE EDUCATION MINISTRY (MOE), AGRICULTURE, FORESTRY AND FISHERIES MINISTRY (MAFF), ENVIRONMENT AGENCY (EA), AND SCIENCE AND TECHNOLOGY AGENCY (STA) TO "ITEMS FOR HEARING" RELATED TO REORGANIZATION OF CENTRAL GOVERNMENT MINISTRIES AND AGENCIES.

EA PROPOSED THAT ITS AGENCY STATUS BE UPGRADED TO A MINISTRY, REPLYING, "IT WILL BE IMPOSSIBLE FOR AN ADMINISTRATIVE ORGANIZATION DESIGNED TO PROMOTE INDUSTRIAL PROMOTION AND DEVELOPMENT TO WORK OUT

APPROPRIATE REGULATORY MEASURES. WE THINK IT PROPER TO SET UP THE POST OF A CABINET MINISTER WHO WOULD ASSUME RESPONSIBILITY FOR ENVIRONMENTAL ADMINISTRATIVE WORK AND AN ENVIRONMENT MINISTRY." THE MINISTRY ALSO STRESSED THE NEED TO INTEGRATE SUCH DUTIES AS LAND USE, WATER CONTROL AND WASTE UNDER SUCH AN "ENVIRONMENT MINISTRY."

MOE REACTED NEGATIVELY TO THE IDEA OF PRIVATIZING NATIONAL UNIVERSITIES AND MUSEUMS OR OF MAKING THEM INDEPENDENT INSTITUTIONS. ITS REPRESENTATIVE STATED, "IF THE INTRODUCTION OF THE SELF-SUPPORT SYSTEM DETERIORATES THE LEVEL OF EDUCATION AND RESEARCH AT NATIONAL UNIVERSITIES, WE CANNOT APPROVE THE IDEA." ASKED ABOUT THE REORGANIZATION OF THE AGENCY FOR CULTURAL AFFAIRS, HE REPLIED, "THE AGENCY IS PUSHING AHEAD WITH CULTURAL UNCLAS SECTION 06 OF 09 TOKYO 004237

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MAY 15

INFRASTRUCTURE," INDICATING THE VIEW THAT THE AGENCY IS NECESSARY.

PRIME MINISTER AND CHIEF CABINET SECRETARY TRY TO IRON OUT DIFFERENCES OVER LONG DINNER (NIHON KEIZAI - PAGE 2)

PRIME MINISTER RYUTARO HASHIMOTO AND CHIEF CABINET SECRETARY SEIROKU KAJIYAMA DINED TOGETHER LAST NIGHT, TAKING NEARLY THREE AND A HALF HOURS, AT A RESTAURANT IN TOKYO. ALSO ATTENDING WERE THE DEPUTY CHIEF CABINET SECRETARIES, KAORU YOSANO AND TEIJIRO FURUKAWA, AND THE PRIME MINISTER'S ASSISTANT. THIS WAS THE FIRST OCCASION SINCE THE HASHIMOTO ADMINISTRATION WAS LAUNCHED IN JANUARY OF LAST YEAR FOR THE ENTIRE LEADERSHIP IN THE PRIME MINISTER'S OFFICIAL RESIDENCE TO GATHERED THIS WAY TOGETHER. REPORTEDLY THE PRIME MINISTER AND THE CHIEF CABINET SECRETARY, "PLAYED THE ROLE OF A COMIC DUO" (ONE OF THE ATTENDANTS), BY SINGING SONGS SHOULDER TO SHOULDER IN TIME TO MUSIC PLAYED BY A BAND. THE PRIME MINISTER WAS IN HIGH SPIRITS THROUGHOUT THE EVENING, AND AFTER THE DINNER PARTY, HE TOLD REPORTERS: "I REALLY ENJOYED MYSELF TONIGHT."

TAKING THE OCCASION OF THE 25TH ANNIVERSARY OF OKINAWA'S REVERSION TO MAINLAND JAPAN, THE PRIME MINISTER ON HIS OWN INITIATIVE PROPOSED THIS LONG DINNER PARTY TO THE CHIEF CABINET SECRETARY, SAYING, "LET'S TAKE A BREAK ONCE

IN A WHILE AND HAVE DRINKS TOGETHER." BUT REPORTEDLY THE CHIEF CABINET SECRETARY SUGGESTED LETTING THE DEPUTY CHIEF CABINET SECRETARIES AND THE SECRETARIES JOIN THE TWO, NOTING, "IT WOULD NOT BE PARTICULARLY GOOD FOR JUST THE TWO OF US TO GO."

RECENTLY, A RIFT HAS BECOME NOTICEABLE BETWEEN THE PRIME MINISTER AND THE CHIEF CABINET SECRETARY OVER SUCH MATTERS AS STRENGTHENING ANTI-TERRORISM MEASURES. THE PRIME MINISTER'S MOTIVE APPARENTLY WAS TO SET THE AGENDA WITH THE CHIEF CABINET SECRETARY FOR THE LAST STAGE OF THE CURRENT DIET SESSION. BUT THE STRAINED RELATIONSHIP BETWEEN THE TWO WAS INSTEAD UNDERSCORED IN PART BY THE CHIEF CABINET SECRETARY'S REJECTION OF THE PRIME MINISTER'S PROPOSAL FOR A "TQTE-Q-TQTE DINNER."

SHINSHINTO TO CHANGE PARTY ELECTION SYSTEM, DROPPING POPULAR ELECTION OF PRESIDENT (NIHON KEIZAI - PAGE 2)

A PLAN TO REFORM THE SHINSHINTO'S (NEW FRONTIER PARTY) OPEN PRESIDENTIAL ELECTION SYSTEM WAS REVEALED ON THE 14TH. ACCORDING TO THE PLAN, THE PARTY WILL ABOLISH THE OPEN ELECTION SYSTEM, UNDER WHICH IF ONE PAYS 1,000 YEN, ANYBODY, EVEN NON-PARTY MEMBERS, CAN VOTE. SUCH VOTING TOOK PLACE IN THE PREVIOUS ELECTION IN 1995. THE PROPOSAL WOULD REQUIRE THAT THE PARTY HEAD BE ELECTED BY SHINSHINTO DIETMEMBERS AND LOCAL REPRESENTATIVES AT THE PARTY CONVENTION. THE PLAN ALSO CALLS FOR AN ELECTION BEFORE THE EXPIRATION OF PRESIDENT ICHIRO OZAWA'S TERM OF OFFICE IN DECEMBER, GIVING THE REASON: "THERE IS A VIEW IN THE PARTY CALLING FOR AN ELECTION IN SEPTEMBER OR OCTOBER, AVOIDING DECEMBER." OZAWA SEES THE FRAMEWORK OF THE RULING COALITION ARRANGEMENT BY THE LIBERAL DEMOCRATIC PARTY (LDP), SOCIAL DEMOCRATIC PARTY (SDP) AND SAKIGAKE PARTY AS POSSIBLY COLLAPSING OVER THE ISSUE OF THE REVIEW OF THE GUIDELINES FOR JAPAN-UNITED STATES DEFENSE COOPERATION SLATED FOR THIS FALL. HE THEREFORE APPEARS TO BE AIMING AT BEING REELECTED PRESIDENT SO AS TO BE IN A POSITION TO SHAKE THE RULING COALITION ARRANGEMENT.

THE REFORM PLAN WAS COMPILED BY THE PROJECT TEAM RELATED TO THE OPEN ELECTION FOR PARTY HEAD (CHAIRMAN BY UPPER HOUSE MEMBER TAKUSHI HIRAI). AFTER DELIBERATIONS AT THE PARTY'S BASIC PROBLEM RESEARCH COUNCIL, THE PROPOSAL WILL BE SUBMITTED TO OZAWA BEFORE THE END OF THE CURRENT DIET
UNCLAS SECTION 07 OF 09 TOKYO 004237

USIA

FOR: USI D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EA/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FORJEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCNPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS MAY 15
SESSION.

THE PROPOSAL STIPULATES THAT AN ELECTION CONTROL COMMITTEE SHOULD BE ESTABLISHED PRIOR TO THE PRESIDENTIAL ELECTION AND THAT A CANDIDATE WOULD BE REQUIRED TO PRESENT THE SIGNATURES OF RECOMMENDATION OF MORE THAN 20 DIETMEMBERS OF THE SHINSHINTO (TO AN ELECTION CONTROL COMMITTEE). IT ALSO CALLS FOR A SECRET BALLOT AND FOR ALLOWING CANDIDATES TO CARRY OUT ELECTION CAMPAIGNING BEFORE THE PARTY CONVENTION OPENS. A MAJORITY OF VALID VOTES IS REQUIRED TO WIN THE ELECTION. IF NO CANDIDATE OBTAINS A MAJORITY, THE TWO CANDIDATES WITH THE HIGHEST NUMBER OF VOTES IN THE FIRST ELECTION WOULD FACE A RUNOFF ELECTION.

IN THE 1995 PRESIDENTIAL ELECTION, THE SHINSHINTO CONDUCTED AN OPEN ELECTION IN AN ATTEMPT TO INCREASE PARTY MEMBERS, BY PLAYING UP "ITS BEING AN OPEN PARTY." BUT THE HEATED ELECTION CAMPAIGN BETWEEN OZAWA AND FORMER PRIME MINISTER TSUTOMU HATA (TAIYO PARTY HEAD) LEFT A RESIDUE OF HARD FEELINGS IN THE PARTY AND ALSO LED TO HATA'S SECESSION FROM THE PARTY TO LAUNCH THE TAIYO PARTY. BASED ON A REFLECTION OF THE PAST, THE SHINSHINTO LAUNCHED WORK AT THE BEGINNING OF THIS YEAR TO REVIEW THE OPEN ELECTION SYSTEM. AT FIRST, THERE WAS A CAUTIOUS VIEW TOWARD DUMPING THE OPEN ELECTION SYSTEM AND MOVING UP OF VOTING DATE.

U.S. PROPOSES NEW DEREGULATION TALKS COVERING SIX AREAS
(NIHON KEIZAI - PAGE 5)

THE JAPANESE AND UNITED STATES GOVERNMENT YESTERDAY HELD A MEETING OF THE DEREGULATION AND COMPETITION POLICY COMMITTEE UNDER THE FRAMEWORK TALKS TO DISCUSS WHERE TALKS SHOULD GO NEXT. THE U.S. DELEGATION PROPOSED A NARROWING DOWN OF THE AREAS FOR DISCUSSION. AS SPECIFIC AREAS, IT CITED FOUR TOPICS: FINANCIAL SERVICES, TELECOMMUNICATIONS, HOUSING, AND PHARMACEUTICALS AND MEDICAL EQUIPMENT, AND IT ALSO DESIGNATED COMPETITION POLICY AND DISTRIBUTION, AS WELL AS TRANSPARENCY OF ADMINISTRATION AS CROSS-SECTIONAL STRUCTURAL AREAS. IT PROPOSED THE ADOPTION OF A TWO-STAGE FORMULA UNDER WHICH EACH AREA WOULD BE NARROWED DOWN IN MEETINGS OF WORKING-LEVEL EXPERTS AND THEN VETTED AT SUB-CABINET-LEVEL OFFICIALS' MEETINGS. JAPAN AND THE U.S. WILL AGAIN MEET IN EARLY JUNE IN ORDER TO GIVE FURTHER SHAPE TO THE DISCUSSION APPROACH BEFORE THE JAPAN-U.S. SUMMIT MEETING TO BE HELD ON THE SIDELINES OF THE INDUSTRIALIZED NATIONS SUMMIT CONFERENCE (DENVER SUMMIT) SCHEDULED FOR LATER THAT MONTH.

THE TWO COUNTRIES AGREED TO HOLD A NEW ROUND OF THE DEREGULATION AND COMPETITION POLICY TALKS ON THE OCCASION OF THE BILATERAL SUMMIT MEETING HELD IN APRIL. THE PAST

PATTERN OF THE TALKS, WHICH HAVE BEEN HELD AT THE WORKING LEVEL ABOUT TWICE A YEAR, CONSISTED OF THE U.S.' ELABORATION OF A LIST OF ITS REQUESTS THAT COVERED WIDE-RANGING AREAS, BUT IT HAS NOW ADOPTED A NEW APPROACH. "DEREGULATION HAS BEEN SLOW. WE WILL IN THE FUTURE SEEK TO REMOVE MARKET BARRIERS BY FOCUSING ON AND THEN BRINGING UP SPECIFIC AREAS" (HIGH-RANKING U.S. GOVERNMENT OFFICIAL).

THE JAPANESE ACCEDED TO THE PROPOSAL, CITING, "WE WILL REJECT NEGOTIATIONS AIMED AT REACHING A SETTLEMENT, BUT IT WOULD BE HELPFUL TO RECEIVE ADVICE FROM THE U.S. REGARDING DEREGULATION" (SENIOR OFFICIAL OF THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY).

CURRENT ACCOUNT SURPLUS DROPS FOURTH YEAR IN ROW, BUT U.S. CONCERNED ABOUT ITS EXPANSION (ASAHI - PAGE 11)

JAPAN'S CURRENT ACCOUNT SURPLUS IN FISCAL 1996 DECLINED UNCLAS SECTION 08 OF 09 TOKYO 004237

USIA

FOR: USIA D/P, I/GEA, I/RF, I/RFW, EA, R/MR; STATE FOR EAR/J; STATE PASS TO USTR/PUBLIC AFFAIRS OFFICE; VIA WASHDC; SECDEF FOR JCS-J-5/JAPAN, OASD/ISA/EAPR/JAPAN; TREASURY/OASIA/IMI; WHITE HOUSE; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; COMMERCE FOR JEAN GRIER IN GENERAL COUNCIL'S OFFICE, DAS; USCINCPAC/PA; CINCPAC FLT/PA; COMNAVFORJAPAN/PA.

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TO 7,180.2 BILLION YEN, THE FOURTH CONSECUTIVE ANNUAL DROP, ACCORDING TO THE BALANCE OF PAYMENTS MONTHLY (QUICK ESTIMATE) RELEASED BY THE MINISTRY OF FINANCE YESTERDAY. IN GOODS AND SERVICES TRADE, THE NATION'S SURPLUS ALSO GREATLY DROPPED -- 67.0 PERCENT COMPARED TO THE YEAR BEFORE. BUT A STRONG SENSE OF ALARM IS GROWING IN THE UNITED STATES TOWARD ANOTHER EXPANSION OF JAPAN'S TRADE SURPLUS. SOME JAPANESE GOVERNMENT OFFICIALS AS WELL EXPRESS APPREHENSION, A MITI OFFICIAL SAYING "IF THE YEN RATE REMAINS WEAK VIS-A-VIS THE DOLLAR, THE NATION'S SURPLUS MIGHT EXPAND." AS A RESULT, THERE IS WORRY OF A POSSIBLE REEMERGENCE OF TRADE FRICTION.

THE RATIO OF JAPAN'S CURRENT ACCOUNT SURPLUS TO GROSS DOMESTIC PRODUCT (GDP) WAS 1.4 PERCENT, 0.5 POINTS DOWN FROM A YEAR EARLIER. WITH 3.2 PERCENT REGISTERED IN FISCAL 1992 AS THE PEAK, THE PERCENTAGE HAS DROPPED SINCE THEN. IN GOODS AND SERVICES TRADE, THE SURPLUS, CONTINUING TO DECLINE FROM THE 2.3 PERCENT IN FISCAL 1992, LOGGED 0.4 PERCENT IN FISCAL 1996.

IN THE JAPAN-U.S. FINANCE MINISTERS' MEETING HELD JUST BEFORE THE MEETING OF CENTRAL BANK GOVERNORS AND FINANCE

MINISTERS FROM THE GROUP OF SEVEN (G-7) INDUSTRIALIZED COUNTRIES IN WASHINGTON IN LATE APRIL, FINANCE MINISTER HIROSHI MITSUZUKA EMPHASIZED THAT JAPAN'S SURPLUS IN TERMS OF PERCENTAGE OF GDP WAS ON A DOWNWARD TREND.

SOME HAVE POINTED OUT, "WITH INFLUENTIAL AURAL INTERVENTION, THE YEN IS NEARING THE 115 YEN TO THE DOLLAR LEVEL. THE GROUNDWORK HAS BEEN LAID FOR THE JAPANESE GOVERNMENT TO BE ABLE TO PROUDLY SAY THAT THE NATION'S SURPLUS IS SHRINKING ON A LONG-TERM BASIS." (SECURITIES-AFFILIATED THINK-TANK). BUT THE JAPANESE GOVERNMENT WILL LIKELY CONTINUE TO BE NERVOUS ABOUT MOVES ON FOREIGN EXCHANGE MARKETS FOR A WHILE.

POLL SHOWS SHARP RISE IN JAPANESE DISSATISFACTION WITH DAILY LIFE (MAINICHI - PAGE 1)

SINCE THE BUBBLE ECONOMY COLLAPSED, THERE HAS BEEN A SHARP INCREASE IN THE NUMBER OF PEOPLE DISSATISFIED WITH THEIR CURRENT LIVES AND THERE ALSO HAS BEEN A DECREASE IN THE NUMBER OF PEOPLE WHO THINK OF THEMSELVES IN THE MIDDLE CLASS. THIS IS BECAUSE OF SUCH BACKGROUND FACTORS AS THEIR NOT BEING ABLE TO ACTUALLY FEEL THE BENEFITS OF PRESENT-DAY ECONOMIC CONDITIONS. SUCH A SITUATION HAS BEEN REVEALED BY THE RESULTS OF A PUBLIC OPINION SURVEY CONDUCTED BY THE MAINICHI SHIMBUN IN MID-APRIL ON THE GENERAL PUBLIC'S "ATTITUDES TOWARD LIFE." THE RATE OF THOSE WHO WERE "NOT SATISFIED" WITH THEIR CURRENT LIVES (INCLUDING THOSE "NOT VERY SATISFIED ") WAS 37 PERCENT -- DOUBLE THE RATE SHOWN IN A SURVEY CONDUCTED IN 1990 WHEN JAPAN WAS IN THE MIDST OF THE BUBBLE ECONOMY. ON THE OTHER HAND, THE RATE OF PEOPLE "SATISFIED" (INCLUDING THOSE "SOMEWHAT SATISFIED") WAS 61 PERCENT, A DECREASE OF 20 PERCENTAGE POINTS. ALSO, THE RATE OF THOSE THINKING OF THEMSELVES AS MIDDLE CLASS WAS 69 PERCENT, FAILING TO REACH 70 PERCENT FOR THE FIRST TIME IN 12 YEARS SINCE THE 1985 SURVEY.

IN THE AGE-GROUPED BREAKDOWN OF THOSE DISSATISFIED WITH THEIR CURRENT LIFE, MANY OF THEM WERE IN THE YOUNGER GENERATIONS CENTERING ON THOSE IN THEIR 20S OR 30S. ASKED WHY THEY WERE DISSATISFIED WITH THEIR CURRENT LIVES, THE TOP-RANKING REASON (MULTIPLE ANSWERS) WAS "SMALL INCOME" AT 73 PERCENT, FOLLOWED BY "FEW ASSETS SUCH AS SAVINGS" AT 61 PERCENT AND "DISSATISFIED WITH HOUSING" AT 28 PERCENT. ALL THE TOP THREE REASONS FOR PUBLIC DISSATISFACTION WERE INTERTWINED WITH THE ECONOMY. AS FOR THOSE RATHER SATISFIED WITH THEIR CURRENT LIFE, MANY OF THEM WERE IN THEIR 60S. ASKED WHY (MULTIPLE ANSWERS), "HEALTH" WAS IN FIRST PLACE, REACHING 68 UNCLAS SECTION 09 OF 09 TOKYO 004237

USIA

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PERCENT, AND THE SECOND-RANKING REASON WAS "FAMILY
HARMONY" AT 65 PERCENT. AS FOR ECONOMY-RELATED REASONS,
"HOUSING" CAME IN THIRD PLACE, MARKING 52 PERCENT.

ON THE OTHER HAND, THE SURVEY CONDUCTED THIS TIME, IN ITS
QUESTION, GROUPED JAPANESE SOCIETY INTO FIVE CLASSES:
"UPPER," "MIDDLE UPPER," "MIDDLE LOWER," "LOWER UPPER,"
AND "LOWER LOWER." ASKED WHERE THEY THINK THEY ARE, THE
MIDDLE CLASS (TOTALING "MIDDLE UPPER" AND "MIDDLE LOWER")
MARKED A DROP OF 7 PERCENTAGE POINTS AS COMPARED WITH THE
RESULTS OF A SURVEY CONDUCTED IN DECEMBER 1994. IN THE
PROGRESS OF PUBLIC CLASS ATTITUDES IN THE PAST, THE
PUBLIC AWARENESS OF THEIR BEING IN THE MIDDLE CLASS WAS
AT 67 PERCENT IN THE APRIL 1985 SURVEY. AFTER THAT,
HOWEVER, SUCH WAS UP AND DOWN BETWEEN 78 PERCENT AND 71
PERCENT. ALSO, AN ANALYSIS OF THE SURVEY RESULTS,
GROUPED INTO ANNUAL INCOME BRACKETS, SHOWS THAT THOSE
EARNING MORE THAN 4 MILLION YEN APPEAR TO THINK THEY ARE
IN THE MIDDLE CLASS, AND THE RATE OF THOSE THINKING THEY
ARE IN THE MIDDLE CLASS -- IN THE CASE OF THOSE WITH AN
ANNUAL INCOME OF 9 TO 10 MILLION YEN -- REACHED 91
PERCENT. (KEIICHI MIYAZAWA) CHAN, ACTING

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- (2) Difficult Tasks Still ahead for Downsizing Bases; 25th Anniversary of Reversion of Okinawa
- (3) Destination of Price Busting: Pitfalls of Easing Restrictions under the Large-scale Retail Store Law

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- (1) EDITORIAL: Reversal of Deregulation Is Unacceptable

SANKEI (Page 2) (Full)
May 15, 1997

All Nippon Airways (ANA) is struggling, having hit a turbulent air pocket. At a press conference, Kenzo Yoshikawa, president of ANA Building Co., who informally has been selected to be the new president of the airlines, indicated his intention to continue his predecessor's policy line, noting, "I share with President Seiji Fukatsu his basic views, such as positive business development, streamlining to cut costs, and structural reform." At the same time, however, he, stated, "There are various ways to facilitate such issues," indicated a stance of drawing a demarcation line with President Fukatsu, who has exerted every effort to radically promote internal reform.

The civil aviation industry has at last entered the age of deregulation. It is only natural that the changeover of ANA presidents brings about change in its management method, but that should never be a reversal of deregulation.

Having set his sight on the global mega-competition age, President Fukatsu has tackled complicated labor problems concerning flight crew-members or showed understanding toward the "open-skies policy," which the U.S. proposed in the Japan-United States civil aviation talks. He may have been somewhat precipitous over some issues, but he has been eager to implement various reforms designed to give priority to customers. Armed with the results he has produced during his tenure of office -- two terms or four years -- President Fukatsu recently showed his aspirations by remarking, "The third term is a term for accomplishment." All the more for that, the changeover of ANA presidents caused by discord with

an elder executive is not confined to being just a result of a factional strife in a private company. We should take the matter seriously.

Both of the two elder executives served as vice transport ministers. They then landed top posts at ANA when the industry was regulation-bound and have UNCLAS SECTION 02 OF 07 TOKYO 004257

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contributed to expansion of ANA's business line, by making full use of their political influence. It is unlikely that they are acting to feather their own nests and it is probably incorrect to say that they are against deregulation. However, (the other elderly executive's) high-handed opposition to the personnel reshuffle plan prepared by the incumbent president is tantamount to saying that "your management line is wrong." That is to say, his objection may be taken as saying that the pace of deregulatory steps and in-house reform should be slowed.

Our country's air fares are said to be "most expensive in the world" due to the high-cost structure of fuel and personnel expenses. For that reason, when a newcomer came up with lower fares, it received support not only from potential customers who expect air fares to be lowered through competition but also from the Transport Ministry. The Ministry has even made some landing and departing slots available at Haneda Airport for that company, which has yet to give shape to its operations. It has also been decided that the supply-demand adjustment principle would be scrapped within three to five years.

Amid such a rising trend for deregulation, can ANA, whose domestic share accounts for approximately 50 percent, afford to continue its tiff over the company's management line? It is not just the employees that feel uneasy.

Both stockholders and customers are greatly interested in the new management line-up to be led

by incoming president Yoshikawa. We hope that ANA will as soon as possible reveal a clear-cut management policy line.

(2) Difficult Tasks Still ahead for Downsizing Bases; Stalled Negotiations Expected on Reversion of Bases; Objections to Reduction in Tax Rates; 25th Anniversary of Reversion of Okinawa

MAINICHI (Page 2) (Excerpt)
May 14, 1997

Prior to the 25th anniversary of the reversion of Okinawa to the mainland, Prime Minister Ryutaro Hashimoto completed the work to amend the special land-lease law for United States forces. The Prime Minister apparently perceives that the government has cleared this hurdle, but bold reform of administrative procedures to acquire land for U.S. military bases has been left unresolved. In addition, difficulties are expected in negotiations with the Okinawa Prefecture regarding the consolidation and reduction of U.S. bases, including Futenma Air Station. As it stands, a raft of difficult issues remain to resolve. The challenge of economic development of Okinawa also faces a stone wall.

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A preliminary survey started on the 9th in the waters off Camp Shwab to find a potential relocation site for a heliport in exchange for the return of Futenma Air Station. Defense Facilities Administration Agency Director General Masuo Morotomi said that day, "I would like to put all my efforts into compiling an action program by December as scheduled, with cooperation from local residents," revealing his determination to push ahead with the work as stipulated in the final report of the Japan-U.S. Special Action Committee on Okinawa (SACO).

The government intends to complete by the end of

June a feasibility study on the geographical distribution of seaweed and coral, as well as on operations of ships and airspace, and then on seabed geological conditions. Based on the results, it will make a judgment on whether that area is proper as a site to construct a heliport. The government will ask the Nago municipal government for its cooperation.

Japan and the U.S. agreed to relocate mid-air fueling planes at Futenma to Iwakuni Air Base (Iwakuni City, Yamaguchi Prefecture) and live-fire exercises across Route 104 to the mainland, but no progress has been made in other areas.

Agreement has been reached on the return of 11 U.S. military facilities. But negotiations have not smoothly progressed on the facilities other than Futenma.

Some critics have expressed their apprehensions about funding. Several hundred billion yen would be needed to construct an alternative heliport. In addition, the government needs to pay the expenses to restore the original state of the 11 facilities in order to hand them over to the landowners. With these expenses added to the construction cost, more than one trillion yen is calculated as necessary. "With the inclusion of economy-promotion outlays, the cost will reach an astronomical figure" (Japan Defense Agency source). A decision has been made at a Cabinet meeting to set SACO-related expenditures under a separate framework from the government's general expenditures, but the nation's austere fiscal condition will naturally have an effect also on Okinawa.

With the revision of the special measures law, the use of U.S. military bases on Okinawa has been now legally approved. But the government remains undecided about whether to assign the central government's function of taking procedures to expropriate land to local governments or to revise the regulations to make it a task directly under the central government's execution. On the occasion of the Decentralization Promotion Committee coming up with its second recommendation in late June, the opposition Shinshinto will likely press for drastic reform, seeking the shift of such UNCLAS SECTION 04 OF 07 TOKYO 004257

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work into the hands of the central government. As it stands, this issue might become politicized.

Objections to Tax Reduction

The Government is mapping out economic promotion measures for Okinawa Prefecture, with an eye on the 5 billion yen that has been specially allocated for economic development. A free trade zone already has been set up near Naha Airport, with special tariff treatment given to businesses operating at the site. The Okinawa government requested the central government last August to approve an expansion of that free trade zone, a reduction of the corporation tax within the zone, and an approval of "one nation, two systems" formula for introducing a no-visa system.

But the Ministry of Finance (MOF) is opposed to any tax reduction, saying, "It is unacceptable, because systemic reform is necessary in such a case." On the no-visa system, objections are deep-seated within the Government. Although some academics state, "Reducing the corporation tax in Okinawa ahead of other prefectures would be a good idea," these proposals have yet to be developed into political-level discussion.

On how to cope with measures that need systemic reform, the government intends make a decision after ascertaining the contents of a list of requests prepared by the Study Committee on Industrial and Economic Development and Deregulation (chaired by Naoki Tanaka), which was instituted by the Okinawa prefectural government last month.

Among opinions from members from mainland Japan, the view that dominate the charter meeting was that "Okinawa Prefecture first should sort out the problems facing it before working on economic promotion measures." Chairman Tanaka stated, "If matters proceed under the present program for correcting the differences between Okinawa and mainland Japan, Okinawa will never be able to set out on its own. Specific plans crafted by Okinawa are now needed."

Major Activities Regarding Promotion of Okinawa's Economic Development

(Requests from Okinawa Prefecture)

Requested special measures to promote industrial development by deregulation and other means (August 1996)

-- Establishment of a special economic district by expanding and strengthening the free trade zone.

-- Designation of Naha Port as "base port"

-- Consolidation of international tourism and

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resort base

-- Promotion of concentration of information-related industries

Study Committee on Industrial and Economic Promotion and Deregulation

-- Submission of a list of requests to the Okinawa Policy Conference by the end of July

(Advice from municipal governments)

Council on Cities, Towns and Villages Housing U.S. Military Bases on Okinawa (chaired by Haruo Shimada; presented a list of proposals to the Chief Cabinet Secretary in November 1996)

-- The panel presented under the name of the chairman a proposal to disburse about 100 billion yen over seven years for projects. The government has respected this advice.

(Actual results achieved by the central government)

Okinawa Policy Council (composed of all Cabinet members excluding the prime minister and Hokkaido Development Agency director general and the Okinawa prefectural governor. Ten project teams announced on April 25 the amounts to be allocated as special

Okinawa economic promotion and coordination expenses) = a total of 2.7 billion yen

-- Consolidation of the telecommunication system, airports and harbors = 740 million yen

-- Information-related industrial consolidation = 500 million yen

-- Promotion of research and development by making use of tropical features = 306 million yen

Ministries and Agencies

-- Special tax measures covering 23 items, including special tax repayment for construction of hotels on isolated islands

-- Reduction in airfares (8000 yen for a round trip between Haneda and Naha) from July 1

-- Promotion of research and development utilizing deep waters.

(3) Destination of Price Busting: Pitfalls of Easing Restrictions under the Large-scale Retail Store Law; Social System Necessary to Control "Threat from Expanding Market"

NIHON KEIZAI (Page 3) (Excerpt)
Eve., May 12, 1997

Economists supporting deregulation used to loudly
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their policy directions, reflecting management mistakes. Before a further relaxation of restrictions under the Large-scale Retail Store Law results in only large-scale retail stores surviving and destroying local shopping districts, Japan needs to prepare a system which can function as society's self-defense mechanism.

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